

United States

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Consumer Service

Reply to

Mountain Plains Attn. of: CACFP-505

80204-3581

1244 Speer Blvd. Denver, CO

Subject:

Use of School and Census Data for Tier I

Classifications in the Child and Adult Care Food

Program (CACFP)

To: STATE AGENCY DIRECTORS -

(Child Nutrition Programs) Missouri DH, Montana DPHHS,

Colorado DPHE, Iowa, Kansas,

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Nebraska ED, North Dakota,

South Dakota, Utah and

Wyoming ED

The purpose of this memorandum is to provide more definitive quidance on the subject of when it is appropriate to use either school or census data when attempting to classify a Tier I family day care home (FDCH). This subject provoked considerable discussion during the recent round of State-Regional training sessions on implementation of a two-tiered reimbursement system in the FDCH portion of the CACFP, and it is clear that additional quidance is needed.

On January 15, 1997, we distributed to all States the first set of questions and answers concerning implementation of the two-tiered reimbursement system through CACFP-496. We also transmitted CACFP-491 which had accompanied our initial distribution of a "special tabulation" of census data for possible use in documenting Summer Food Service Program (SFSP) site eligibility. The 1994 memo stated that, "[Iln general, we believe that the special tabulation should not be used when relevant, current-year information on free and reduced price eligibility in neighborhood elementary schools is available."

The memo also went on to specify three types of circumstances in which the use of the special tabulation to establish SFSP site eligibility would be warranted, even when current-year school data are available. These circumstances include:

- (1) the location of a potential site in a rural area, where geographically large elementary school attendance areas occasionally obscure localized pockets of poverty which can be identified through use of the special tabulation;
- (2) school data show an area to be close to the 50 percent threshold for SFSP site eligibility, and the special tabulation reveals a portion of the school's attendance area which is SFSP-eligible; and

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(3) the local elementary school data does not reflect the surrounding area's socioeconomic condition due to the use of <u>busing</u> or other non-neighborhood bases (e.g., "magnet schools," "charter schools," etc.) for defining elementary school attendance areas.

Although this earlier guidance has not proved particularly controversial in the SFSP, its use as part of the critically important process of establishing Tier I eligibility for FDCH has provoked questions which need to be addressed. The most important of these involve our reasons for stating such a strong preference for school data over census data, especially since, with the advent of more affordable and user-friendly geo-mapping software, the special tabulation appears to be a less labor-intensive means of establishing a home's eligibility for Tier I reimbursement.

This strong preference for school data over census data stems from several considerations. The most significant is that the primary purpose in instituting a two-tiered reimbursement system in FDCHs was to more precisely target CACFP reimbursements to needy children and day care providers. As you are well aware, studies have shown that, over the past 15 years, an increasing percentage of children receiving program benefits in CACFP FDCHs are from non-needy households. As the Federal administering agency, USDA is responsible for ensuring that the law's targeting goals are achieved. School data is usually more capable of precisely documenting an area's current socioeconomic status; hence, placing primary reliance on school data is also the best way of achieving the law's targeting goals.

Our belief that school data provides a more reliable and accurate portrait of an area's current socioeconomic status also stems from two other specific considerations:

(1) School data is more recent: In the legislation effecting the two-tiered reimbursement system, Congress stated that, in determining "whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), "State agencies and sponsoring organizations "shall use the most current available data at the time of the determination." Because subparagraph (A)(ii)(I)" of the law encompasses all of the methods (school data, census data, and provider's household income) for making Tier I determinations, it is apparent that Congress intended these determinations to be made with the best and most recent available data. In most instances, free and reduced price applications are collected annually by elementary schools. Therefore, these data are a far more recent statement of

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individual and aggregate economic circumstances than census data, which was collected in 1990.

(2) School data is at least as representative as census data in depicting the socioeconomic circumstances of a small geographic area: Although it is true that not all eligible households submit free and reduced price applications on behalf of their elementary-age children, studies have demonstrated that low-income households are more likely to apply on behalf of their elementary-age children than low-income households with older children. The special tabulation of census data which USDA purchased from the Bureau of the Census (BOC) in 1994 is based on a national sample of households which are asked to submit information on their income. In constructing this special tabulation, for each census block group in the nation, BOC used raw data submitted by these sample households.

This sample is drawn from one out of every six American households. As such, it provides an excellent basis for generalizing about poverty at the national, state and county levels. However, the average census block group includes roughly 400 housing units containing about 900 persons, and the one in six income sample is drawn randomly, not equally from within each block group. As a result, there is no way of predicting how many households within a particular census block group completed and returned the household income questionnaire to BOC. The average number of households in a block group with school-age children which returned the questionnaire is unlikely to be greater than the average number of households with children enrolled in the local elementary school.

Taken together, the above two factors strongly suggest that school data is more likely than data from the special tabulation to provide a representative portrait of a relatively small geographic area's current socioeconomic circumstances.

Despite the shortcomings of census data, we believe that Congress' inclusion of it as a potential source for documenting a FDCH's Tier I status was purposeful and logical. There are, as noted above, certain circumstances (such as busing or magnet schools) which might mean that school data does not more accurately portray the surrounding area's socioeconomic status. In addition, if an area's socioeconomic makeup has not changed substantially since 1990, there may also be other circumstances--such as those noted above with regard to defined rural and urban "pockets of poverty"--in which block group data help to define an eligible portion of an otherwise ineligible school attendance area.



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Finally, the framers of this law may well have anticipated that sponsoring organizations would not always be able to secure elementary school boundary information. Based on concerns about this potential problem, our National Office recently issued a memorandum which asked State education agencies to urge local school food authorities to make such information available upon the request of a sponsoring organization. In addition, when such data cannot be obtained after a reasonable effort, the law would clearly permit the use of census data to establish a home's eligibility for Tier I benefits.

Based on all of these considerations, we are promulgating the following guidance regarding the use of school and census data:

- (1) Due to the fact that it is more recent and more typically representative of a given area's current socioeconomic status, school data must be consulted first when trying to determine the area eligibility of a FDCH for Tier I benefits. The only exception to this rule is in cases where busing (or other "district-wide" bases of attendance, such as charter or magnet schools) results in school data not being representative of a particular neighborhood's economic circumstances. In these instances, census data may be consulted instead of school data.
- (2) If, after reasonable efforts are made, a sponsor is unable to obtain local elementary school boundary information, it is permissible to use census data to determine a provider's area eligibility for Tier I benefits. Although we cannot precisely define a "reasonable effort," we understand that the need to implement the tiering system by July 1, 1997, will force sponsors to discontinue efforts to obtain school data after a certain point in time. We expect State agencies to provide additional guidance in this area, consistent with sponsors' need to make area-based Tier I determinations in the coming months.
- (3) In some circumstances, it is permissible to consult census data <u>after</u> having consulted school data. These are the circumstances enumerated above--in rural areas with geographically large elementary school attendance areas, or in other areas where an elementary school's free and reduced price enrollment is above 40 percent. Sponsoring organizations should note, however, that State education agencies are not currently required, by law or regulation, to provide information about an elementary school's free and reduced price enrollment

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unless the free and reduced price enrollment is at or above 50 percent of the school's total enrollment.

(4) Finally, we wish to emphasize that the option of basing Tier I eligibility on a provider's verified household income is always available, regardless of whether the use of school or census data is possible or appropriate.

Please contact my staff at (303) 844-0359 if you have any questions or comments concerning this policy.

ANN C. DEGROAT

Regional Director

Child Nutrition Programs

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cc: Dan McMillan, Colorado Department of Education

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